

**REPORT ON EXAMINATION
OF
XL INSURANCE AMERICA, INC.
AS OF
DECEMBER 31, 2020**

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION
OF
XL INSURANCE AMERICA, INC.
AS OF
DECEMBER 31, 2020

The above-captioned report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the company as reflected in the report.

This report is hereby accepted, adopted and filed as an official record of this Department.

Trinidad Navarro
Insurance Commissioner

Dated this 28th day of June, 2022

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May 11, 2022

Honorable Trinidad Navarro
Commissioner of Insurance
Delaware Department of Insurance
1351 West North Street
Suite 101
Dover, Delaware 19904

Dear Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Examination Certification No. 21.010, dated February 18, 2021, an examination has been made of the affairs, financial condition and management of

XL INSURANCE AMERICA, INC.

hereinafter referred to as the Company or XLIA. XLIA was incorporated under the laws of the State of Delaware as a stock company with its registered office located at 1209 Orange Street, Wilmington, Delaware. Due to the COVID-19 Pandemic, the examination was conducted offsite. The administrative office of the Company is located at 70 Seaview Avenue, Stamford, Connecticut, 06902. The report of examination thereon is respectfully submitted.

SCOPE OF EXAMINATION

The Delaware Department of Insurance (Department) performed a risk-focused financial examination of the Company. The previous regulatory examination of the Company covered the five-year period from January 1, 2011 through December 31, 2015.

This examination will cover the five-year period from January 1, 2016 through December 31, 2020.

The examination of the Company was performed as part of the multi-state coordinated examination of the XL America Group of United States regulated property and casualty insurance companies (XL America Group) as of December 31, 2020. New York is the lead state for the XL America Group examination.

We conducted our examination in accordance with the *National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook* (Handbook) and generally accepted statutory insurance examination standards consistent with the Insurance Code and Regulations of the State of Delaware. The NAIC Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles.

The examination does not attest to the fair presentation of the financial statements included herein. If during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, pursuant to the General Corporation Law of the State of Delaware as required by 18 *Del. C.* § 321, along with general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the examination report but separately communicated to other regulators and/or the Company.

During the course of this examination, consideration was given to work performed by the Company's external accounting firm PricewaterhouseCoopers LLC (PwC). Certain auditor work papers of the 2020 PwC audit of the Company have been incorporated into the work papers of the examiners and have been utilized in determining the scope, areas of emphasis in conducting the examination and in the area of risk mitigation and substantive testing.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings or material changes in financial statements as a result of this examination.

COMPANY HISTORY

The Company was formerly known as Winterthur International America Insurance Company. On January 1, 1998, the name was changed to Winterthur International America Insurance Company following the re-domestication of the Company to the State of Wisconsin. Effective July 1, 2001, X.L. America, Inc. (XL America), a Delaware corporation, purchased all of the outstanding shares of XLIA. Effective December 24, 2002, XLIA was re-domiciled from the State of Wisconsin to the State of Delaware. On the same date, the State of Delaware approved a name change of the Company from Winterthur International America Insurance Company to XL Insurance America, Inc. On December 31,

XL Insurance America, Inc.

2002, XL America contributed all of the issued and outstanding shares of common stock of XLIA to XL Reinsurance America Inc., a New York domiciled insurer (XLRA), thereby making XLIA a wholly-owned subsidiary of XLRA. As a result, XL Select Insurance Company (XL Select), a wholly-owned direct subsidiary of XLIA, became an indirect wholly-owned subsidiary of XLRA.

On June 30, 2003, the holding company of XL America was restructured. XLRA contributed all of the issued and outstanding shares of common stock of XLIA to Greenwich Insurance Company (GIC), a Delaware domiciled insurer and contributed all of the issued and outstanding shares of XL Insurance Company of New York, Inc., (XLNY) a New York domiciled insurer, to XLIA.

Effective September 12, 2018, AXA S.A., a French société anonyme (AXA) became the ultimate parent of AXA XL Group and its insurer and non-insurer affiliates. AXA acquired XL Group by means of a merger of Camelot Holdings Ltd., a Bermuda exempted company, with and into XL Group Ltd., a Bermuda exempted company and the indirect parent of AXA XL Group.

XLRA is the direct parent and owns 100% of the outstanding shares of XL Specialty Insurance Company (XL Specialty), GIC and Catlin Specialty Insurance Company (CSIC). XL Specialty is the direct parent and owns 100% of the outstanding shares of Indian Harbor Insurance Company (IHIC) and Catlin Insurance Company, Inc. (CICI). GIC is the direct parent and owns 100% of the outstanding shares of XLIA which owns 100% of the outstanding shares of XL Select and XLNY.

AXA XL Group, through its subsidiaries, is a global insurance and reinsurance company providing property, casualty and specialty products to industrial, commercial and professional firms, insurance companies and other enterprises on a worldwide basis.

Capitalization

The Company's Certificate of Incorporation authorizes the issue of 80,000 shares of common stock with a \$62.50 par value. As of December 31, 2020, the Company had 80,000 common shares issued and outstanding totaling \$5,000,000. As noted above, all outstanding common shares of the Company are owned by GIC. As of December 31, 2020, the Company reported gross paid in and contributed surplus of \$256,193,818.

The Company received/made the following capital contributions to/from GIC during the examination period:

- On December 23, 2020, the Company made a capital contribution of \$100,000,000 to its parent, GIC, as a return of capital and was approved by the Department.
- On December 26, 2019, the Company received a capital contribution of 50,000,000 from its parent, GIC.
- On December 27, 2018, the Company received a capital contribution of \$60,000,000 from its parent, GIC.
- On December 27, 2017, the Company received a capital contribution of \$65,000,000 from its parent, GIC.
- Year end 2016, the Company recorded a net excess of tax benefit of \$32,308 to gross paid-in and contributed surplus, in accordance with SSAP 104.

Dividends

The Company paid ordinary cash dividends to its sole shareholders during the period under examination as reflected in the Board of Directors (Board) meeting minutes and approved by the Department as follows:

<u>Date Declared</u>	<u>Notification Date</u>	<u>Date Paid</u>	<u>Dividend Paid</u>
May 3, 2016	May 20, 2016	May 4, 2016	\$21,100,000
May 5, 2017	May 09, 2017	May 5, 2017	\$ 7,100,000

Dividend payments for all years noted above were in compliance with 18 *Del. C.* §5005 (e).

MANAGEMENT AND CONTROL

Directors

Pursuant to the General Corporation Laws of the State of Delaware, as implemented by the Company's Certificate of Incorporation and bylaws, the property, business and affairs of the Company shall be managed by the Board. The bylaws require that the Board consist of not less than one director but not more than twenty-one.

The Directors are elected annually by the stockholder and hold office until the next annual election and until their successors are elected. Directors duly elected and serving as of December 31, 2020, are as follows:

<u>Name</u>	<u>Title</u>
Joseph Anthony Tocco	President & CEO
Donna Marie Nadeau	Executive Vice President
James Michael DiVirgilio	Senior Vice President
James Michael Norris	Senior Vice President
Todd David Zimmerman *	Senior Vice President
David Douglas Brooks	Senior Vice President

*Todd Zimmerman resigned effective December 31, 2020.

Officers

Officers were elected in accordance with the bylaws during the period under examination. The bylaws require election of a President, and may elect one or more Vice Presidents, a Treasurer, a Secretary and one or more Assistant Vice Presidents and Assistant Secretaries. The Board may also elect a Chairman of the Board and a Chief Executive Officer at its discretion. The primary officers serving as of December 31, 2020, were as follows:

<u>Name</u>	<u>Title</u>
Joseph Anthony Tocco	President & CEO
Gabriel George Carino III	Treasurer
Toni Ann Perkins	Secretary
Andrew Robert Will	Controller

Corporate Records

The recorded minutes of the Shareholder and Board were reviewed for the period under examination. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions and events including approval of investment transactions in accordance with 18 *Del. C.* §1304. In addition, the review of Company files indicated that written correspondence was submitted to the Department with regards to the changes in officers and directors during the period under examination in compliance with 18 *Del. C.* §4919.

Insurance Holding Company System

The Company is a member of an insurance holding company system known as AXA as defined under 18 *Del. C.* §5001 of the Delaware Insurance Code. AXA, a component of the Euro Stoxx 50 stock market index, is a publicly traded holding company domiciled in France. AXA is the ultimate controlling entity of the AXA Group. AXA XL writes property and casualty insurance and reinsurance on a worldwide basis. AXA XL, with its operations in Bermuda, Europe, Asia and the United States, is AXA's property and casualty insurance platform in North America.

An abbreviated organizational chart of the AXA Group holding company system as of December 31, 2020, is as follows (ownership of subsidiaries is 100% unless otherwise noted):

XL Insurance America, Inc.

AXA SA (France)

XL Group Ltd (Bermuda)

XLIT Ltd. (Cayman Island)

EXEL Holdings Limited (Cayman Island)

XL Bermuda Ltd. (Bermuda)

X.L. America, Inc. (DE)

XL Reinsurance America Inc. (NY)

XL Group Investments LLC (DE)

Catlin Specialty Insurance Company (DE)

XL Specialty Insurance Company (DE)

Catlin Insurance Company, Inc. (TX)

Indian Harbor Insurance Company (DE)

Greenwich Insurance Company (DE)

XL Insurance America, Inc. (DE)

XL Select Insurance Company (DE)

XL Insurance Company of New York, Inc.
(NY)

Agreements with Affiliates

The AXA XL Group was party to several intercompany agreements and transactions.

The following significant intercompany agreements were in effect as of December 31, 2020:

General Services Agreement

Effective May 15, 2020, the Tenth Amended and Restated General Services Agreement by and between X.L. Global Services, Inc. (XLGS) and XL America, on behalf of its subsidiaries, including all AXA XL US insurance Companies and various non-insurance US Companies. The parties to the agreement agree to provide and receive certain general services as described in the agreement. The parties agree to pay on a cost basis all in-house and out-of-pocket third-party costs and fees incurred by the other party.

Effective May 15, 2020, the Eleventh Amended and Restated General Services Agreement by and between XL America and its subsidiaries, on behalf of its subsidiaries, including all AXA XL US insurance Companies and various non-insurance US Companies. The parties to the agreement agree to provide and receive certain general services as

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described in the agreement. The parties agree to pay on a cost basis all in-house and out-of-pocket third-party costs and fees incurred by the other party.

Tax Sharing and Payment Agreement

Effective May 1, 2020, the Twelfth Amended Tax Sharing and Payment Agreement was entered into by and among all AXA XL US insurance Companies and various non-insurance US Companies.

Effective September 1, 2001, and most recently amended May 1, 2020, XLRA maintains a tax sharing agreement with its subsidiaries, whereby the members of the group agree to pay an amount equal to the federal income tax liability which such member would have incurred if such member had filed a separate federal income tax return. For each estimated tax period of any year, the estimated federal income tax liability of each member shall be determined and shall be paid within 10 days of receipt of notice. The final amount required to be paid for any taxable year shall be paid on or before the date on which the consolidated return of the group is required to be filed determined without regard to any extension of time to file.

Investment Management Agreement

Effective January 1, 2017, the Investment Management Agreement by and between all AXA XL US insurance Companies and XL Group Investments Ltd (Investment Manager), replaced the original Investment Management Agreement, and all amendments thereto. XLIA designates and appoints the Investment Manager as its agent and attorney-in-fact, with full power and authority and without further approval of XLIA (except as expressly provided for herein or as may be required by law and subject always to XLIA Investment Guideline), in the name of and on behalf of XLIA: (i) to invest XLIA's portfolio of investment assets and

enter into investment transactions; (ii) to appoint and terminate Third Party Managers and Third Party Service Providers and (iii) to enter any agreements, instruments and other documents and to take such other steps necessary in furtherance of this Agreement (including arranging for payments of all taxes, fees and expenses related to investment activity, Third Party Managers and Third Party Service Providers, as may be applicable), all as the Investment Manager shall deem reasonable and prudent to enable it to fulfil its obligations under this Agreement.

TERRITORY AND PLAN OF OPERATION

Territory

As of December 31, 2020, the Company was licensed to transact the business of insurance in all 50 states, including the District of Columbia, Guam, Puerto Rico and U.S. Virgin Islands.

Plan of Operation

The AXA XL Group operates in the insurance and reinsurance markets.

Insurance

Insurance operations are divided into four business groups: Casualty, Energy Property Construction (EPC), Professional Lines (Professional) and Specialty Lines (Specialty). Insurance policies are customized for complex corporate risks and are distributed through a wide variety of local, national and international producers. Business is written for a comprehensive set of coverages across Casualty, EPC, Professional and Specialty lines to deliver solutions to clients operating in a broad array of industries representing all major sectors of the economy in the following lines of business: property, casualty, professional liability, environmental liability, aviation and satellite, marine and offshore energy, equine,

fine art and specie, surplus lines, political risk and trade credit, crisis management, surety and other industry coverages, including those mentioned above, through our programs, middle market and construction businesses.

During 2020, 77.5% of the Company's direct premiums written were in the following three lines of business: workers compensation (44.1%), fire (19.3%), allied lines (14.1%).

Reinsurance

Reinsurance business written includes casualty, property, crop, accident and health and other specialty reinsurance. The Group's property reinsurance business generally has loss experience characterized as low frequency and high severity. As a result, large losses, though infrequent, can have a significant impact on the Group's results of operations, financial condition and liquidity. The Group endeavors to manage its exposures to catastrophic events by limiting the amount of its exposure in each geographic zone and requiring that its property catastrophe contracts provide for aggregate limits and varying attachment points

The Company distributes its insurance products and services through brokers and agents, appointed and licensed as required by the various jurisdictions in which it operates. The Company accepts business produced by major national brokerage firms, as well as regional and independent producers.

The Company reported the following distribution of premiums written for the year ended December 31, 2020, and the prior examination date of December 31, 2015:

	2020	% GPW	2015	% GPW
Direct Business	\$ 1,237,592,615	81.7%	\$ 626,907,313	76.8%
Reinsurance assumed from affiliates	196,341,527	13.0%	132,713,516	16.3%
Reinsurance assumed from non-affiliates	80,461,378	5.3%	56,803,189	7.0%
Gross premiums written	<u>\$ 1,514,395,520</u>	<u>100.0%</u>	<u>\$ 816,424,018</u>	<u>100.0%</u>
Reinsurance ceded to affiliates	1,318,053,991	87.0%	683,710,501	83.7%
Reinsurance ceded to non-affiliates	-	-	-	-
Total ceded	<u>\$ 1,318,053,991</u>	<u>87.0%</u>	<u>\$ 683,710,501</u>	<u>83.7%</u>
Net premiums written	<u>\$ 196,341,529</u>	<u>13.0%</u>	<u>\$ 132,713,517</u>	<u>16.3%</u>

REINSURANCE

The Company had the following reinsurance agreements in place during the examination period.

Intercompany Pooling Agreement

The Company is part of an intercompany pooling agreement with other members (Pool Members) of the XL America Group titled the XL America Group Pooling Agreement (Pooling Agreement). Under the agreement 100% of the gross premiums, losses and related underwriting expenses of the Pool Members are ceded to the lead Company of the XL America Group Pool, XLRA, (Pool Leader). The following is a listing of all members of the Pooling Agreement and their respective participation percentages and states of domicile:

Company	12/31/2020 Pooling %	12/31/2015 Pooling %
XL Reinsurance America Inc. (NY)	65%	65%
Greenwich Insurance Company (DE)	12%	12%
XL Specialty Insurance Company (DE)	12%	6%
XL Insurance America, Inc. (DE)	6%	10%
Indian Harbor Insurance Company (DE)	3%	2%
Catlin Insurance Company, Inc. (TX)	2%	0%
Catlin Specialty Insurance Company (DE)	0%	0%
XL Select Insurance Company (DE)	0%	2%
XL Insurance Company of NY, Inc. (NY)	0%	3%
Total Pool Percentage	100%	100%

Recent changes in the pooling agreement occurred and received appropriate regulatory approval. CSIC and CICI were acquired as part of XL Group Ltd.'s acquisition of Catlin Group Ltd. (Catlin Group) on May 1, 2015, but previously had not been members of the pool as of our last examination date on December 31, 2015. During 2020, CSIC and XL Select transferred the entirety of their business to IHIC through a transfer and assumption reinsurance agreement. As a result of this transaction, CSIC and XL Select are indemnified of all its policyholder liabilities, which have now been assumed by IHIC. Catlin Indemnity Company, another US-domiciled property and casualty insurance company acquired in the purchase of the Catlin Group, also transferred the entirety of its remaining business to XL Specialty through a transfer and assumption agreement and was sold on November 23, 2020. Separate from the Pooling Agreement, effective July 1, 2020, XLRA entered into a quota share agreement with T.H.E. Insurance Company (T.H.E.), a subsidiary of AXA XL, whereby 100% of the T.H.E. loss and loss adjustment expenses incurred after July 1, 2020 is ceded to XLRA.

After placement of specific unaffiliated reinsurance, the Pool Leader, on behalf of all the Pool Members, participated in quota share reinsurance agreements with XL Bermuda Ltd (XLB) (f/k/a XL Insurance (Bermuda) Ltd) which covers 75% of all accident date-related pool results from July 1, 1999 to December 31, 2007, 50% of all accident date-related pool results from January 1, 2008 to December 31, 2015 (XLB QS) and 50% of the remaining 2016 and 60% of the remaining 2017 accident date-related pool results to Catlin Re Switzerland Ltd. (CRBB) under quota share reinsurance arrangement (CRBB QS). On October 1, 2020, all cessions previously ceded to CRBB, which include the losses ceded from the Catlin Group-acquired entities, as well as the accident date-related pool results from

XL Insurance America, Inc.

January 1, 2016 through December 31, 2017, were novated to XLB. The business written under the former entities of the Catlin pool also reinsure 75% of underwriting date-related pool results from January 1, 2011 to December 31, 2017 to CRBB which was novated to XLB on October 1, 2020.

Effective January 1, 2019, a whole account, accident year 30% quota share was established between the Company and Seaview Re, Ltd. (Seaview Re). Seaview Re is wholly-owned by Seaview Re Holdings, Inc. which in turn, is wholly owned by Catlin Re Switzerland Ltd. (Catlin Re), a company incorporated in Switzerland, which is registered as an overseas company in Bermuda and licensed as a Class 4 insurer. Catlin Re is an indirect, wholly owned subsidiary of AXA. The Company will reinsure 30% of all business written by itself and the Pool Members, after cessions to third parties and all certain other internal cessions (Seaview Re QS).

After application of the XLB QS, CRBB QS and Seaview Re QS, the Pool Leader has recorded additional loss recoveries under an Excess of Loss Adverse Development Cover with XLB (XLB ADC). The XLB ADC provides protection for adverse development, net of all other available reinsurance, which occurred during the calendar period January 1, 2004 to December 31, 2005, on the Pool Leader's pre-pooled net retained reserves held on December 31, 2003 related to losses on policies written or assumed during underwriting years 1985 through 2000. After application of the XLB ADC, the remaining net pool results are redistributed among the Pool Members based on the percentages noted above. All ceded reinsurance balances related to external reinsurance contracts are recorded in the statutory financial statements of XLRA, and all reinsurers which are parties to such contracts are included in XLRA's Schedule F. Any Schedule F penalty determined within XLRA's

XL Insurance America, Inc.

Schedule F is shared by the Pool Members in accordance with their Pooling Agreement participation percentages.

Property Catastrophe Excess of Loss

Effective January 1, 2020, a Property Catastrophe Excess of Loss (XOL) reinsurance agreement was entered into between XLRA, as Pool Leader, on behalf of itself and its Pool Members, and placed with AXA Global RE S.A. (AXA Global RE), a company incorporated under the laws of the Republic of France. All amounts, financial statements and payments must be made in Euros.

Insurance covered applies to all business classified by the Pool Members as Property whether written directly or as Facultative Reinsurance.

In respect of all perils other than Terrorism or Cyber perils:
Per Event Deductible: EUR 175,000,000 subject Original Losses per Event
Limits: EUR 1,800,000,000 Ultimate Net Loss each and every loss

In respect of Terrorism or 1st Party Cyber Perils:
Per Event Deductible: EUR 350,000,000 subject Original Losses per Event
Limit: EUR 250,000,000 Ultimate Net Loss each and every loss

Third Party Reinsurance

The Company participates with the AXA XL Group, in an extensive reinsurance program that covers all lines of business. The covers have varying limits and retentions that are based upon internal guidelines.

Workers Compensation Catastrophic Event

Effective January 1, 2020, AXA XL Global Risk Workers Compensation Catastrophe XOL reinsurance agreement was entered into between AXA XL Companies including XLRA, as Pool Leader on behalf of itself and its Pool Members and various partisans within the three layers. Business covered all Layers 100% for catastrophe events and single insured

events, for all business classified by the Pool Members as Workers' Compensation. Third party participation was 100% for all three layers.

Layer 1 \$60M excess \$40M with a \$25M deductible, one event with one insured
Layer 2 \$100M excess \$100M with a \$40M deductible, one event with one insured
Layer 3 \$100M excess \$200M with a \$185M deductible, one event with one insured

Property Per Risk Cover: Core & Excess

Effective January 1, 2020, an Excess Property Facility reinsurance agreement was entered into between AXA XL Companies including, XLRA, as Pool Leader on behalf of itself and its Pool Members. Participation was a 100% with third party reinsurers. This contract covers Property business, whether written directly or as facultative reinsurance.

Limit/Retention:

Layer 1: \$600M excess \$50M

- Structured Underlying Layer has a \$25M Annual Aggregate Deductible (AAD)
- Structured Underlying Layer is a 3 year deal with a \$150M Term Limit (after application of the AAD)
- At least one reinstatement available, costing up to 100% additional

Layer 2: \$350M excess \$650M Layer with a single occurrence limit

- Free and Unlimited Reinstatements
- Excludes Critical Flood, Named Storm and Earthquake

Property Per Risk

Effective January 1, 2020, XLRA, as Pool Leader on behalf of itself and its Pool Members and AXA Global RE entered into an agreement with third parties covering property business. This contract is 100% placed with various third-party reinsurers.

Layer 1: EUR or USD 25M excess EUR or USD 50M AAD EUR or USD 25M
Layer 2: EUR or USD 75M excess EUR or USD 75M as respects all losses arising out of any one Loss Occurrence.
Layer 3: EUR or USD 150M excess EUR or USD 150M
Layer 4: EUR or USD 350M excess EUR or USD 300M

Marine Excess of Loss

Effective January 1, 2020, XLRA, as Pool Leader, on behalf of itself and its Pool Members and AXA Global RE entered into an agreement with third parties covering marine, inland marine, fine art, equine and aviation. This contract is 50% placed with various third-party reinsurers.

Layer 1: \$50M excess \$50M
Layer 2: \$50M excess \$100M
Layer 3: \$100M excess \$150M
Layer 4: \$100M excess \$250M
Layer 5: \$200M excess \$350M
Layer 6: \$200M excess \$550M

Core Aviation XOL

Effective January 1, 2020, a CORE Aviation XOL reinsurance agreement was entered into between AXA XL Companies including, XLRA, as Pool Leader, on behalf of itself and its Pool Members and various partisans within the six layers. Business covered as classified by the Pool Members as Aviation with some exclusions. This contract is 70% placed for all sections.

Major Risk Aviation

- Wide-bodied Hull & Liability
- Prime Airframe and Engine Manufacturers
- Critical Products
- Major Airports and Air Traffic Control

Non-Major Risk Aviation

- Other Airlines Hull & Liability
- Non-major products
- Non-major Airports
- Refuellers
- Space Liability
- General Aviation

Layer 1: \$65M excess \$35M
Layer 2: \$50M excess \$65M
Layer 3: \$100M excess \$115M

Layer 4: \$100M excess \$215M

Layer 5: \$200M excess \$315M

Layer 6: \$200M excess \$515M

Enterprise Aggregate Excess of Loss Program

Effective January 1, 2020, a Group Cover Catastrophe Aggregate XOL reinsurance agreement was entered into between AXA XL Companies including, XLRA, as Pool Leader, on behalf of itself and its Pool Members and AXA Global RE placed with various third party reinsurers that may contain segregated cell structures. Business covered to indemnify the Reinsured in respect of all losses arising from Natural Perils.

Layer A: EUR 500M excess EUR 1,400M (worldwide)

Layer B: EUR 750M excess EUR 1,400M (worldwide, excluded US named windstorms, US earthquake and European named windstorms)

FINANCIAL STATEMENTS

The following financial statements, as reported and filed by the Company with the Department, are reflected in the following:

- Statement of Assets as of December 31, 2020
- Statement of Liabilities and Surplus as of December 31, 2020
- Statement of Income for the year ended December 31, 2020
- Statement of Capital and Surplus Account for the year ended December 31, 2020
- Reconciliation of Capital and Surplus for the Period December 31, 2015 to December 31, 2020

STATEMENT OF ASSETS
As of December 31, 2020

	Ledger Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 571,419,408	\$ -	\$ 571,419,408
Common stocks (stocks)	143,527,509	-	143,527,509
Cash	51,442,542	-	51,442,542
Cash equivalents	73,392,850	-	73,392,850
Other invested assets	22,634,724	-	22,634,724
Receivables for securities	42,301	-	42,301
Subtotals, cash and invested assets	<u>\$ 862,459,334</u>	<u>\$ -</u>	<u>\$ 862,459,334</u>
Investment income due and accrued	3,726,277	-	3,726,277
Uncollected premiums and agents' balances in the course of collection	64,906,168	8,096,437	56,809,731
Deferred premiums; agents' balances and installments booked but deferred and not yet due	18,031,726	-	18,031,726
Accrued retrospective premiums (\$0) and contracts subject to redetermination	4,180,689	17,624	4,163,065
Current federal and foreign income tax recoverable and interest thereon	6,082,020	-	6,082,020
Net deferred tax asset	14,256,619	-	14,256,619
Guaranty funds receivable or on deposit	61,278	-	61,278
Receivables from parent; subsidiaries and affiliates	18,208,527	983,188	17,225,339
Aggregate write-ins for other than invested assets	12,036,435	3,264,160	8,772,275
Total Assets	<u><u>\$ 1,003,949,073</u></u>	<u><u>\$ 12,361,409</u></u>	<u><u>\$ 991,587,664</u></u>

STATEMENT OF LIABILITIES AND SURPLUS
As of December 31, 2020

	<u>2020</u>	<u>Note</u>
Losses	\$ 296,081,335	1
Reinsurance payable on paid losses and loss adjustment expenses	288,924	
Loss adjustment expenses	82,055,891	1
Commissions payable; contingent commissions and other similar	1,408,427	
Other expenses (excluding taxes; licenses and fees)	7,066,575	
Taxes, licenses, and fees (excluding federal and foreign income tax)	3,246,611	
Current federal and foreign income taxes	-	
Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$0 and including warranty reserves of \$0)	103,187,782	
Advance Premium	1,622,111	
Dividends declared and unpaid: Policyholders	-	
Ceded reinsurance premiums payable (net of ceding commissions)	-	
Funds held by company under reinsurance treaties	233,077,984	
Amounts withheld or retained by company for account of others	-	
Remittances and items not allocated	(15,014,388)	
Provision for reinsurance (Including \$0 certified)	-	
Drafts outstanding	-	
Payable to parent; subsidiaries and affiliates	26,805,268	
Derivatives	-	
Payable for securities	584,895	
Aggregate write-ins for liabilities	47,363,131	
Total liabilities	<u>\$ 787,774,545</u>	
Aggregate write-ins for special surplus funds	\$ -	
Common capital stock	5,000,000	
Preferred capital stock	-	
Gross paid in and contributed surplus	256,193,818	
Unassigned funds (surplus)	(57,380,699)	
Surplus as regards policyholders	<u>\$ 203,813,119</u>	
Totals of liabilities & surplus	<u>\$ 991,587,664</u>	

STATEMENT OF INCOME
For the Year Ended December 31, 2020

	<u>2020</u>
Underwriting Income	
Premiums earned	\$ 179,792,324
Deductions	
Losses incurred	\$ 128,183,462
Loss adjustment expenses incurred	27,188,714
Other underwriting expenses incurred	52,229,184
Total underwriting deductions	<u>\$ 207,601,360</u>
Net underwriting gain (loss)	<u>\$ (27,809,036)</u>
Investment Income	
Net investment income earned	\$ 19,659,028
Net realized capital gains (losses) less capital gains tax of \$133,210	4,761,075
Net investment gain (loss)	<u>\$ 24,420,103</u>
Other Income	
Net gain (loss) from agents' or premium balances charged off (amount recovered \$108,142 amount charged off \$283,441)	\$ (175,298)
Aggregate write-ins for miscellaneous income	3,948,555
Total other income	<u>\$ 3,773,257</u>
Net income before dividends to policyholders; after capital gains tax and before all other federal and foreign income taxes	<u>\$ 384,324</u>
Dividends to policyholders	<u>-</u>
Net income; after dividends to policyholders; after capital gains tax and before all other federal and foreign income taxes	<u>\$ 384,324</u>
Federal and foreign income taxes incurred	<u>(6,799,406)</u>
Net Income	<u><u>\$ 7,183,730</u></u>

CAPITAL & SURPLUS ACCOUNT
For the Year Ended December 31, 2020

Surplus as regards to policyholders; December 31, 2019	\$ 258,472,727
Net income	7,183,730
Change in net unrealized capital gains (losses)	39,542,128
Change in net unrealized foreign exchange capital gain (loss)	-
Change in net deferred income tax	(7,560,761)
Change in nonadmitted assets	9,885,090
Change in provision for reinsurance	-
Capital Changes: Paid in	-
Surplus adjustment: Paid in	(100,000,000)
Transferred to Capital (Stock Dividend)	-
Dividends to stockholders	-
Aggregate write-ins for gains and losses in surplus	(3,709,796)
Net change in capital and surplus for the year	<u>\$ (54,659,609)</u>
Capital and surplus; December 31, 2020	<u><u>\$ 203,813,119</u></u>

RECONCILIATION OF CAPITAL AND SURPLUS
As of December 31, 2015 to December 31, 2020

	<u>Common Capital Stock</u>	<u>Gross Paid In Capital</u>	<u>Unassigned Surplus</u>	<u>Total</u>
12/31/2015	\$ 5,000,000	\$ 181,161,510	\$ 24,969,851	\$ 211,131,361
12/31/2016			9,096,243 (1)	9,096,243
12/31/2016			(5,811,860) (2)	(5,811,860)
12/31/2016			(21,100,000) (3)	(21,100,000)
12/31/2016		32,308		32,308 (6)
12/31/2017			(15,601,534) (1)	(15,601,534)
12/31/2017			(16,954,265) (2)	(16,954,265)
12/31/2017			(7,100,000) (3)	(7,100,000)
12/31/2017		65,000,000		65,000,000 (4)
12/31/2018			(12,330,461) (1)	(12,330,461)
12/31/2018			(18,062,702) (2)	(18,062,702)
12/31/2018		60,000,000		60,000,000 (4)
12/31/2019			(12,412,836) (1)	(12,412,836)
12/31/2019			(27,413,526) (2)	(27,413,526)
12/31/2019		50,000,000		50,000,000 (4)
12/31/2020			7,183,730 (1)	7,183,730
12/31/2020			38,156,661 (2)	38,156,661
12/31/2020		(100,000,000)		(100,000,000) (5)
	<u>\$ 5,000,000</u>	<u>\$ 256,193,818</u>	<u>\$ (57,380,699)</u>	<u>\$ 203,813,119</u>

(1) Represents net income (loss)

(2) Change in non-admitted assets, Change in unrealized gain(loss), Change in net deferred tax and Change in provision for reinsurance.

(3) Dividends to stockholder

(4) Capital contribution from shareholder

(5) Return of Capital

(6) SSAP 104 adjustment

**ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM
THE EXAMINATION**

There were no changes made to the Financial Statements as a result of this Examination.

COMMENTS ON FINANCIAL STATEMENT ITEMS

Note 1:

Losses	\$296,081,335
Loss Adjustment Expenses	\$82,055,891

The examination liabilities for the aforementioned captioned items are the same as those balances reported by the Company as of December 31, 2020. The examination analysis of Loss and Loss Adjustment Expense reserves was conducted in accordance with Statutory Accounting Principles, including NAIC *Accounting Practices and Procedures Manual*, Statement of Statutory Accounting Principles No. 55.

SUBSEQUENT EVENTS

The following material subsequent events occurred, requiring disclosure in this examination report.

Effective March 1, 2021, by Amendment No. 2 to the Sub-Investment Management Agreement and Amendment No. 1 to the Fee Adhesion Agreement arranged for XL Global Investments Ltd. (XLGIL), on behalf of the AXA XL Insurers and AXA Investment Managers, Inc., to align the fees paid by each of the AXA XL Insurers with the fees paid by the other entities in the AXA Group.

Effective September 15, 2021, by Amendment No. 4 (including Amendment Schedule No. 2) to the Investment Management Services Agreement, changed the terms of the overall Legal Entity Investment Guidelines and Legal Entity benchmarks, entered into

XL Insurance America, Inc.

between CSIC, GIC, IHIC, XLIA, XL Specialty and XL Select (collectively, the Domestic Insurers) with XLGIL.

Effective September 30, 2021, a Form A Exemption was filed for an internal merger of EXEL Holdings Limited and XLIT Ltd. with and into XL Group which had no direct impact to any Domestic Insurers.

Effective October 1, 2021, by the First Amendment to the Sixth Amended and Restated Intercompany Reinsurance Pooling Agreement between and among the Domestic Insurers, XLRA, XLNY and CICI added T.H.E to the Pool with a 0% Pool Year Participation Percentage.

Effective January 1, 2022, by the Seventh Amendment and Restated Intercompany Reinsurance Pooling Agreement, AXA XL de-pooled the current X.L. America U.S. Pool and re-pooled under GIC as Pool Leader, with XLRA no longer Pool Leader and no longer part of the reconstituted pool. GIC will have a pooling percentage of 80%, XL Specialty will have a pooling percentage of 20% and all other Pool Members will have pooling percentages of 0%. Transfer and Novation agreements were included for the transition of assets, liabilities, and reinsurance as needed in conjunction with the restructuring and de-pooling with the parties XL America, XLRA, GIC and other Domestic Insurers and effective January 1, 2022.

All the aforementioned agreements have been reviewed and approved by the Department.

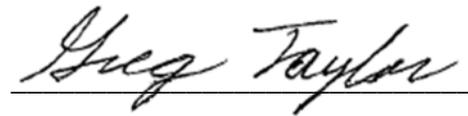
There were no other material subsequent events noted.

SUMMARY OF RECOMMENDATIONS

There were no recommendations as a result of this examination.

The assistance and cooperation of the Company's outside audit firm, PwC, and the Company's management and staff was appreciated and is acknowledged.

Respectfully submitted,

A handwritten signature in cursive script that reads "Greg Taylor". The signature is written in black ink and is positioned above a solid horizontal line.

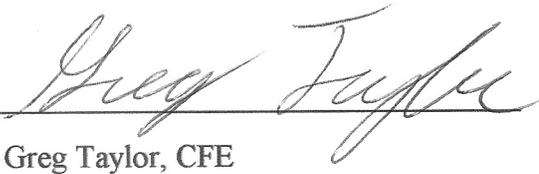
Greg Taylor, CFE
Examiner In-Charge
State of Delaware

A handwritten signature in cursive script that reads "Anthony Cardone". The signature is written in black ink and is positioned above a solid horizontal line.

Anthony Cardone, CPA, CFE
Supervising Examiner
State of Delaware

XL Insurance America, Inc.

I, Greg Taylor, hereby verify and attest, under penalty of perjury, that the above is a true and correct copy of the examination report and findings submitted to the Delaware Department of Insurance pursuant to Examination Certification No. 21.010.



Greg Taylor, CFE